

## **CAPITAL IMPROVEMENTS PROGRAM POLICIES**

The Capital Improvement Program (CIP) is a schedule of public improvement projects planned by County Government to occur over a six-year period and includes project descriptions, estimated costs and sources of funding. The Capital Budget is the first year of the CIP and includes those projects for which funds have been appropriated. The following CIP policies are intended to guide funding decisions during the CIP review process:

1. The County will prepare and adopt a six-year Capital Improvements Program (CIP), update it annually, and make all capital improvements in accordance with the Capital Budget.
2. The County will attempt to budget as pay-go for capital improvements an amount equal to 7% of General Fund operating revenues. General Fund pay-go, impact fee pay-go, dedicated recordation taxes and building excise taxes will be considered in total in reaching this goal. Other capital funding will be through general obligation bonds, state and federal grants, enterprise fund resources and other sources.
3. The County will perform an annual review and update of the peer group numbers that will be incorporated into the review of the Debt Affordability standards.
4. The County will annually review and adopt Debt Affordability standards based on the original Debt Affordability Study developed in 1991. The standards shall be updated by the Budget Office annually and submitted to the Board of County Commissioners for review and approval.
5. A capital project in the CIP shall have the following characteristics:
  - a. The project will add to the government's public infrastructure.  
OR  
The project will result in a major repair of a fixed asset that significantly adds to or preserves the life of the original asset.  
OR  
The project will establish or enhance internal computer/program systems. This excludes routine expenses such as maintenance, license renewals, etc.
  - b. The project will have an individual project cost totaling \$100,000 or more. Projects of less than \$100,000 will only be permitted when required for State or Federal funding; and multiple projects in a single category, totaling \$100,000 or more, will also be considered if they meet all other characteristics.

- c. Acquisition of land for future projects (land banking) will be eligible when it has been identified as a need in the six-year CIP, in the County Comprehensive Plan, or when it can be shown as necessary and based on recent growth trends or Board of County Commissioners' policy decisions.
  - d. Municipal projects will be considered if the project is not exclusively for municipal residents or if the project is a cooperative effort by municipal, county and/or state agencies.
- 6. Eligible capital costs will include Land Acquisition, Site Improvements, Planning, Design, Construction, Inspection/Overhead, IIT Equipment/Infrastructure, Equipment (including some start-up costs), and Project Management.
- 7. All capital costs listed in the CIP will be in current dollars and updated annually when submitted for inclusion in the CIP. Any change in project costs from the previously approved CIP must be justified in writing and include a new project summary form along with the reasons for the change in the project cost.
- 8. Construction of a project must be forecast within two years of completion of design work before funding for design will be approved, unless the nature of the project warrants otherwise. Some examples are large purchases of land easements, state concurrence on project documents, etc.
- 9. A project's construction bid process must be anticipated to start in the upcoming fiscal year in order for it to be funded in the Capital Budget.
- 10. When construction funds are approved and construction is not undertaken within two years, the project will be evaluated for possible dis-appropriation in the Capital Budget and re-appropriation in the revised construction year.
- 11. All capital projects will be reviewed and approved in accordance with Annotated Code of Maryland Land Use Article § 3-205 regarding consistency with County Plans. The Planning Commission will vote on the consistency after the Proposed CIP is developed.
- 12. The following criteria will be used by the Capital Improvement Program Committee to evaluate the merits of each requested capital project:
  - a. The project fosters the "Community Concept" of the County Comprehensive Plan by directing capital investments to designated growth areas.
  - b. The project implements a component of an approved facility or master plan.
  - c. The project is consistent with and timed with other capital projects.
  - d. The project does not duplicate service areas of other public facilities or services.
  - e. The project will be implemented in a timely manner.

- f. The project reduces the cost of operations or energy consumption whenever possible.
  - g. The project provides for the health, safety, and welfare of the community.
- 13. Projects scheduled in previously approved CIP's should be considered when establishing priorities for future CIP programs.
- 14. It shall be the goal of each six-year CIP to provide sufficient funding to achieve a County-wide school capacity equal to 90% of the state-rated school capacity based on six-year projected enrollments system-wide.
- 15. The County will attempt to utilize funds collected through the school construction fee option (§ 1-20-62 of the Frederick County Code) for school improvements within the feeder pattern where the fee was collected.
- 16. The Division of Utilities and Solid Waste Management will be responsible for water, sewer and solid waste project execution. The Interagency Information Technologies Division will be responsible for the project execution of projects of a technology nature. The Division of Public Works will be responsible for project execution of all approved County capital projects except those listed above, those of the Frederick County Public Schools, Frederick Community College, municipalities, and those otherwise designated by the Board of County Commissioners.
- 17. Following completion of a project, any and all remaining surplus of County capital funds will be reallocated by the Board of County Commissioners to other approved capital projects.
- 18. The County will attempt to match timing of bond issues with construction needs. Use of General Fund surplus to forward fund projects will be minimized to the extent possible. The feasibility of establishing lines-of-credit and other short-term borrowings will be investigated to control cash flow requirements in accordance with existing policies, procedures and legislation.
- 19. If a new capital project is submitted outside the annual CIP process, it must follow the above said policies.